

ORDER NO. 04-684

ENTERED NOV 23 2004

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BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UE 168

In the Matter of)	
)	
IDAHO POWER COMPANY)	ORDER
)	
Proposed Tariff for Electric Service.)	
Advice No. 04-08)	

DISPOSITION: TARIFF SHEET ALLOWED; WAIVER GRANTED

On October 26, 2004, IDAHO POWER COMPANY filed a tariff sheet in Advice No. 04-08 to be effective on November 26, 2004, and requested that the Commission waive OAR 860-022-0032 in order to allow the credit to become effective with meter readings on and after November 26, 2004. The terms of the proposed tariff sheet are set forth in the Staff Report dated October 29, 2004, attached as the Appendix to this order.

At its November 23, 2004, public meeting, the Public Utility Commission of Oregon allowed the tariff sheet to go into effect. Pursuant to OAR 860-022-0032, the Commission finds that the tariff sheet shall be effective with meter readings on and after November 26, 2004.

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IT IS ORDERED that Advice No. 04-08 filed by IDAHO POWER COMPANY is allowed, effective with meter readings on and after November 26, 2004.

Made, entered, and effective _____.

BY THE COMMISSION:

Becky Beier
Commission Secretary

A party may request rehearing or reconsideration of this order pursuant to ORS 756.561. A request for rehearing or reconsideration must be filed with the commission within 60 days of the date of service of this order. The request must comply with the requirements in OAR 860-014-0095. A copy of any such request must also be served on each party to the proceeding as provided by OAR 860-013-0070(2). A party may appeal this order to a court pursuant to applicable law.

ITEM NO. CA2

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT

PUBLIC MEETING DATE: November 23, 2004

REGULAR _____ CONSENT X EFFECTIVE DATE With Meter Readings On and After November 26, 2004

DATE: October 29, 2004

TO: Lee Sparling through Ed Busch and Jack Breen III

FROM: Janet Fairchild

SUBJECT: IDAHO POWER COMPANY: (Docket No. UE 168/Advice No. 04-08)
Revises the BPA credit adjustment in Schedule 98.

STAFF RECOMMENDATION:

Staff recommends the Commission waive OAR 860-022-0032 and allow Idaho Power Company's Seventh Revised Tariff Sheet No. 98-1 to become effective with meter readings on and after November 26, 2004.

DISCUSSION:

On October 25, 2004, Idaho Power Company (Idaho Power or the Company) filed Advice 04-08 to become effective for meter readings on and after November 26, 2004. The filing was made in accordance with ORS 757.205, *Filing Rate Schedules with the Commission*. It includes a request that the Commission waive the requirements of OAR 860-022-0032 to allow the tariff revision to be effective with meter readings on and after November 26, 2004. This will allow Idaho Power to implement the credit without prorating the credit on customer billings.

The purpose of the filing is to adjust tariff Schedule 98, Residential and Small Farm Energy Credit. As a result of the amended filing, the residential energy credit will decrease from \$.003310/kWh to \$.003046/kWh.

Background: On October 25, 2001, Idaho Power terminated its Firm Power Sales Agreement with the Bonneville Power Administration (BPA). The firm power benefits

have been converted to monetary benefits under the Settlement Agreement and are currently being passed through to eligible customers via Schedule 98.

The current filing is being made to adjust the energy credit rate for Idaho Power's residential customers.¹ The overall rate benefit for residential and farm customers projected for the six-month period from October 2004 through March 2005, is \$352,408, an increase from \$327,726 in the prior six-month period. To calculate the new credit rate for residential customers, Idaho Power makes three adjustments. First, Idaho Power subtracts the \$20,070 difference between the benefit actually paid in the prior six-month period and the benefit that had been projected for that six-month period. This is done to "true-up" the benefit paid during the prior period.

Then, due to the seasonal fluctuation in the amount of demand required by residential versus farm customers, 94.60% of the credit is allocated to residential customers as opposed to 78.85% of the credit in the prior six-month period. Finally, the residential portion of the benefit is allocated to the residential customer classes' projected usage to arrive at a per kWh credit. Projected residential usage for the October 2004 through March 2005 period is 116 million kWh, compared to the 81 million kWh estimate used to calculate of the April through September 2004 credit. Since residential customer usage during the winter months is higher than usage over the summer months, the credit is smaller, on a per kWh basis in the winter months.

As a result of the BPA rate change, the prior period "true-up," the seasonal increase in projected demand and the change in the ratio of residential to farm demand, the credit rate for residential customers will decrease from \$0.003310 per kWh to \$0.003046 per kWh.

Staff Review: Staff reviewed Idaho Power's filing and supporting documentation as well as prior filings made to establish and adjust Schedule 98. Staff found that assumptions used by Idaho Power were reasonable and consistent with those used to establish prior credit rate changes. Idaho Power's calculations were accurate. The BPA subscription rate used in Idaho Power's calculations agrees with the rate posted on BPA's web site.

Staff Conclusions: Staff believes that the request to waive OAR 860-022-0032 to allow the fixed credit to become effective with meter readings on and after November 26, 2004, is reasonable and consistent with past Commission precedent. Given the size and on-going nature of the credit, Staff believes this approach is preferable to the administrative burden associated with prorating customer bills.

¹ The energy credit rate for farm customers is computed on an annual basis and applied to December through November billings.

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Idaho Power's proposed credit rate adjustment appears adequately supported and reasonable. Staff concluded that Idaho Power's filing should be allowed to become effective with meter readings on and after November 26, 2004.

PROPOSED COMMISSION MOTION:

OAR 860-022-0032 be waived and Idaho Power's Seventh Revised Sheet No. 98-1 be allowed into effect with meter readings on and after November 26, 2004.

JF/IPC Advice 04-08